

**CONFERENCE COMMITTEE REPORT  
DIGEST FOR EHB 1434**

**Citations Affected:** IC 4; IC 20-1-18.7; IC 22.

**Synopsis:** Microenterprise program and STAR account. Conference committee report to EHB1434. Requires the Indiana economic development council to establish a microenterprise partnership program to provide grants to community based or nonprofit organizations for the purpose of providing business development services and loans to businesses with fewer than five employees. Transfers responsibilities for the enterprise development program and the small and minority business financial assistance program to the Indiana economic development council. Renames the enterprise development fund as the microenterprise partnership program fund. Creates the state technology advancement and retention (STAR) account to advance technology and retain graduates in Indiana by funding certain grant programs. **(This conference committee report deletes the contents of EHB 1434 and inserts the contents of ESB 327 concerning the microenterprise program and HB 1325 concerning the STAR account.)**

**Effective:** Upon passage; July 1, 2004.

Adopted

Rejected

## CONFERENCE COMMITTEE REPORT

**MR. SPEAKER:**

*Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1434 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-3-12-3, AS AMENDED BY P.L.58-2002,
- 3 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2004]: Sec. 3. The corporation, after being certified by the
- 5 governor under section 1 of this chapter, may:
- 6 (1) establish programs to identify entrepreneurs with marketable
- 7 ideas and to support the organization and development of new
- 8 business enterprises, including technologically oriented enterprises;
- 9 (2) conduct conferences and seminars to provide entrepreneurs
- 10 with access to individuals and organizations with specialized
- 11 expertise;
- 12 (3) establish a statewide network of public, private, and educational
- 13 resources to assist the organization and development of new
- 14 enterprises;
- 15 (4) operate a small business assistance center to provide small
- 16 businesses, including minority owned businesses and businesses
- 17 owned by women, with access to managerial and technical
- 18 expertise and to provide assistance in resolving problems

encountered by small businesses;

(5) cooperate with the Indiana business modernization and technology corporation, other public and private entities, including the Indiana small business development network and the federal government marketing program, in exercising the powers listed in subdivisions (1) through (4);

~~(6) establish and administer the small and minority business assistance program under IC 4-3-16;~~

~~(7) approve and administer loans from the enterprise development fund established under IC 4-3-13; and~~

~~(8)~~ (6) coordinate state-funded programs that assist the organization and development of new enterprises.

SECTION 2. IC 4-3-13-1.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. As used in this chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-14.**

SECTION 3. IC 4-3-13-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program fund established by section 9 of this chapter.**

SECTION 4. IC 4-3-13-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The general assembly makes the following findings of fact:

(1) There exists in Indiana an inadequate amount of locally managed, pooled investment capital in the private sector available to invest in new and existing business ventures, including business ventures by nontraditional entrepreneurs.

(2) Investing capital and business management advice in new and existing business ventures, including business ventures by nontraditional entrepreneurs, will enhance economic development and create and retain employment within Indiana. This investment will enhance the health and general welfare of the people of Indiana and constitutes a public purpose.

(3) Nontraditional entrepreneurs have not engaged in entrepreneurship and self-employment to the extent found in the mainstream of Indiana's population. Realizing the potential of these nontraditional entrepreneurs will enhance Indiana's economic vitality.

(b) Therefore, it is declared to be the policy of the state to promote economic development and entrepreneurial talent of the state's inhabitants by the creation of the ~~enterprise development~~ fund for the public purpose of promoting opportunities for gainful employment and business opportunities.

SECTION 5. IC 4-3-13-9, AS AMENDED BY P.L.58-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) The ~~enterprise development~~ **microenterprise partnership program** fund is established. The fund is a revolving fund for the purpose of:

(1) providing loans approved by the corporation under this chapter

1 and IC 4-3-12-3;

2 (2) providing loans or loan guarantees under the small and minority  
3 business financial assistance program established by IC 4-3-16;

4 **(3) carry out the microenterprise partnership program under**  
5 **IC 4-4-32.4; and**

6 ~~(3)~~ **(4) paying the costs of administering this chapter, and**  
7 **IC 4-3-16, and IC 4-4-32.4.**

8 The fund shall be administered by the corporation.

9 (b) The fund consists of:

10 (1) amounts appropriated by the general assembly;

11 (2) the repayment proceeds (including interest) of loans made from  
12 the fund; and

13 (3) donations, grants, and money received from any other source.

14 (c) The treasurer of state shall invest the money in the fund not  
15 currently needed to meet the obligations of the fund in the same manner  
16 as other public funds may be invested.

17 (d) Money in the fund at the end of a state fiscal year does not revert  
18 to the state general fund.

19 (e) The fund is subject to an annual audit by the state board of  
20 accounts. The fund shall bear the full costs of this audit.

21 SECTION 6. IC 4-3-13-19 IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JULY 1, 2004]: Sec. 19. (a) As used in this section,  
23 "eligible entity" means any partnership, unincorporated association,  
24 corporation, or limited liability company, whether or not operated for  
25 profit, that is established for the purpose of establishing a local  
26 investment pool.

27 (b) A local investment pool may be established only by an eligible  
28 entity. A political subdivision may participate in the establishment of an  
29 eligible entity but may not be the sole member of the eligible entity.

30 (c) The articles of incorporation or bylaws of the eligible entity, as  
31 appropriate, must provide the following:

32 (1) The exclusive purpose of the eligible entity is to establish a local  
33 investment pool to:

34 (A) attract private equity investment to provide grants, equity  
35 investments, loans, and loan guarantees for the establishment or  
36 operation of businesses in Indiana; and

37 (B) provide a low to moderate rate of return to investors in the  
38 short term, with higher rates of return in the long term.

39 (2) The governing body of the eligible entity must include:

40 (A) persons who are qualified by professional background and  
41 business experience to make sound financial and investment  
42 decisions in the private sector; and

43 (B) representatives of nontraditional entrepreneurs.

44 (3) The eligible entity may receive funds from:

45 (A) equity investors;

46 (B) grants and loans from local units of government;

47 (C) grants and loans from the federal government;

48 (D) donations; and

49 (E) loans from the ~~enterprise development~~ fund.

50 SECTION 7. IC 4-3-13-20 IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2004]: Sec. 20. (a) A local opportunity pool may be established only by a nonprofit corporation or a for profit corporation established for that purpose. A political subdivision may participate in the establishment of such a corporation but may not be the sole member of the corporation.

(b) The articles of incorporation or bylaws of the corporation, as appropriate, must provide the following:

(1) The exclusive purpose of the corporation is to establish a local opportunity pool to:

(A) attract sources of funding other than private equity investment to provide grants, loans, and loan guarantees for the establishment or operation of nontraditional entrepreneurial endeavors in Indiana; and

(B) enter into financing agreements that seek the return of the principal amounts advanced by the pool, with the potential for a greater return.

(2) The board of directors of the corporation must include:

(A) persons who are actively engaged in Indiana in private enterprise, organized labor, or state or local governmental agencies and who are qualified by professional background and business experience to make sound financial and investment decisions in the private sector; and

(B) representatives of nontraditional entrepreneurs.

(3) The corporation may receive funds from:

(A) philanthropic foundations;

(B) grants and loans from local units of government;

(C) grants and loans from the federal government;

(D) donations;

(E) bequests; and

(F) loans from the ~~enterprise development~~ fund.

SECTION 8. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

(A) the governor;

(B) the lieutenant governor;

(C) the chief operating officer of the corporation;

(D) the chief operating officer of the corporation for Indiana's international future; and

(E) additional persons appointed by the governor, who are actively engaged in Indiana in private enterprise, organized labor,

state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;

(3) the governor shall serve as chairman of the board of the corporation, and the lieutenant governor shall serve as the chief executive officer of the corporation;

(4) the governor shall appoint as vice chairman of the board a member of the board engaged in private enterprise;

(5) the lieutenant governor shall be responsible as chief executive officer for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the corporation's chief operating officer;

(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);

(7) the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;

(8) any amendments to the articles of incorporation or bylaws of the corporation must be approved by the governor;

(9) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(10) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(11) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

**(c) The corporation shall:**

**(1) approve and administer loans from the microenterprise partnership program fund established under IC 4-3-13-9;**

**(2) establish and administer the nontraditional entrepreneur program under IC 4-3-13;**

**(3) establish and administer the small and minority business assistance program under IC 4-3-16; and**

**(4) establish and administer the microenterprise partnership program under IC 4-4-32.4.**

SECTION 9. IC 4-3-16-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.5. As used in this chapter, "corporation" refers to the Indiana ~~small business economic development corporation~~ **council established under IC 4-3-14.**

SECTION 10. IC 4-3-16-2.7 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2.7. As used in this chapter, "fund" refers to the ~~enterprise development~~ **microenterprise partnership program** fund established by IC 4-3-13-9.

SECTION 11. IC 4-4-32.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 32.4. Microenterprise Partnership Program**

**Sec. 1. As used in this chapter, "council" means the Indiana economic development council established under IC 4-3-14.**

**Sec. 2. As used in this chapter, "microenterprise" means a business with fewer than five (5) employees. The term includes startup, home based, and self-employed businesses.**

**Sec. 3. As used in this chapter, "microloan" means a business loan of not more than twenty-five thousand dollars (\$25,000).**

**Sec. 4. As used in this chapter, "microloan delivery organization" means a community based or nonprofit program that:**

- (1) has developed a viable plan for providing training, access to financing, and technical assistance to microenterprises; and**
- (2) meets the criteria and qualifications set forth in this chapter.**

**Sec. 5. As used in this chapter, "operating costs" refers to the costs associated with administering a loan or a loan guaranty, administering a revolving loan program, or providing for business training and technical assistance to a microloan recipient.**

**Sec. 6. As used in this chapter, "program" refers to the microenterprise partnership program established under section 7 of this chapter.**

**Sec. 7. (a) The council shall establish the microenterprise partnership program to provide grants to microloan delivery organizations.**

**(b) A grant provided under subsection (a) may not exceed twenty-five thousand dollars (\$25,000).**

**(c) A microloan delivery organization receiving a grant under this section must use the grant for the purposes set forth in this chapter.**

**Sec. 8. To establish the criteria for making a grant to a microloan delivery organization, the council shall consider the following:**

- (1) The microloan delivery organization's plan for providing business development services and microloans to microenterprises.**
- (2) The scope of services provided by the microloan delivery organization.**
- (3) The microloan delivery organization's plan for coordinating the services and loans provided under this chapter with those provided by commercial lending institutions.**

(4) The geographic representation of all regions of the state, including both urban and rural communities and neighborhoods.

(5) The microloan delivery organization's emphasis on supporting female and minority entrepreneurs.

(6) The ability of the microloan delivery organization to provide business training and technical assistance to microenterprises.

(7) The ability of the microloan delivery organization to monitor and provide financial oversight of recipients of microloans.

(8) The sources and sufficiency of the microloan delivery organization's operating funds.

**Sec. 9. A grant received by a microloan delivery organization may be used for the following purposes:**

(1) To satisfy matching fund requirements for federal or private grants.

(2) To establish a revolving loan fund from which the microloan delivery organization may make loans to microenterprises.

(3) To establish a guaranty fund from which the microloan delivery organization may guarantee loans made by commercial lending institutions to microenterprises.

(4) To pay the operating costs of the microloan delivery organization. However, not more than ten percent (10%) of a grant may be used for this purpose.

**Sec. 10. Money appropriated to the program must be matched by at least an equal amount of money derived from any of the following nonstate sources:**

(1) Private foundations.

(2) Federal sources.

(3) Local government sources.

(4) Quasi-governmental entities.

(5) Commercial lending institutions.

(6) Any other source whose funds do not include money appropriated by the general assembly.

**Sec. 11. At least fifty percent (50%) of the microloan money disbursed by a microloan delivery organization must be disbursed in microloans that do not exceed ten thousand dollars (\$10,000).**

**Sec. 12. The council may prescribe standards, procedures, and other guidelines to implement this chapter.**

**Sec. 13. The council may use money in the microenterprise partnership program fund established by IC 4-3-13-9 or any other money available to the council to carry out this chapter.**

**Sec. 14. Before August 1, 2005, and before August 1 of each year thereafter, the council shall submit to the budget committee a supplemental report on a longitudinal study:**



- (1) describing the economic development outcomes resulting from microloans made under this chapter; and
- (2) evaluating the effectiveness of the microloan delivery organizations and the microloans made under this chapter in:
  - (A) expanding employment and self-employment opportunities in Indiana; and
  - (B) increasing the incomes of persons employed by microenterprises.

SECTION 12. [EFFECTIVE JULY 1, 2004] (a) After June 30, 2004, any reference in any law, rule, or other document to the enterprise development fund shall be treated as a reference to the microenterprise partnership program fund.

(b) After June 30, 2004, any reference in any law, rule, or other document to the Indiana small business development corporation as it relates to the programs established under IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, shall be treated as a reference to the Indiana economic development council.

(c) Effective July 1, 2004, any property or liabilities accruing to the Indiana small business development corporation in connection with the administration of IC 4-3-13 and IC 4-3-16, as effective before July 1, 2004, are transferred to the Indiana economic development council.

(d) This SECTION expires July 1, 2005.

SECTION 13. IC 4-4-30-8, AS ADDED BY P.L.159-2002, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 8. (a) The coal technology research fund is established to provide money for the center for coal technology research and for the director to carry out the duties specified under this chapter. The budget agency shall administer the fund.

(b) The fund consists of the following:

- (1) Money appropriated **or otherwise designated or dedicated** by the general assembly.
- (2) Gifts, grants, and bequests.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as the treasurer may invest other public funds.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 14. IC 4-12-10-3, AS ADDED BY P.L.26-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. (a) The Indiana economic development partnership fund is established to provide grants for economic development initiatives that support the following:

- (1) The establishment of regional technology **and entrepreneurship** centers for the creation of high technology companies **to support access to technology for existing businesses** and for the support of workforce development.
- (2) The providing of leadership and technical support necessary for

the centers' start-up operations and long term success.

(3) The expansion of the Purdue Technical Assistance Program to **other higher education institutions** in ten (10) geographic regions of Indiana.

(4) The creation of a rural/community economic development regional outreach program by Purdue University.

(5) The expansion of workforce development for high technology business development through the centers.

(b) The fund shall be administered by the budget agency. The fund consists of appropriations from the general assembly and gifts and grants to the fund, **including money received from the state technology advancement and retention account established by IC 4-12-12-1.**

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter.

SECTION 15. IC 4-12-10-4, AS ADDED BY P.L.26-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The budget agency, after review by the budget committee, shall **enter into an agreement with the department of commerce** to do the following:

(1) Review, prioritize, and approve or disapprove proposals for centers.

(2) Create detailed application procedures and selection criteria for center proposals. These criteria may include the following:

(A) Geographical proximity to and partnership agreement with an Indiana public or private university.

(B) Proposed local contributions to the center.

(C) Minimum standards and features for the physical facilities of a center, including telecommunications infrastructure.

(D) The minimum support services, both technical and financial, that must be provided by the centers.

(E) Guidelines for selecting entities that may participate in the center.

(3) Develop performance measures and reporting requirements for the centers.

(4) Monitor the effectiveness of each center and report its findings to the governor, **the budget agency**, and the budget committee before October 1 of each even-numbered year.

~~(5) Contract with Purdue University for any staff support necessary for the budget agency to carry out this chapter.~~

~~(6)~~ (5) Approve a regional technology center only if the center agrees to do all of the following:

(A) Nurture the development and expansion of high technology ventures that have the potential to become high growth businesses.

(B) Increase high technology employment in Indiana.

(C) Stimulate the flow of new venture capital necessary to support the growth of high technology businesses in Indiana.

(D) Expand workforce education and training for highly skilled, high technology jobs.

(E) Affiliate with an Indiana public or private university and be located in close proximity to a university campus.

(F) Be a party to a written agreement among:

(i) the affiliated university;

(ii) the city or town in which the proposed center is located, or the county in which the proposed center is located if the center is not located in a city or town;

(iii) Purdue University, for technical and personnel training support; and

(iv) any other affiliated entities;

that outlines the responsibilities of each party.

(G) Establish a debt free physical structure designed to accommodate research and technology ventures.

(H) Provide support services, including business planning, management recruitment, legal services, securing of seed capital marketing, and mentor identification.

(I) Establish a commitment of local resources that is at least equal to the money provided from the fund for the physical facilities of the center.

(b) The ~~budget agency~~ **department of commerce** may not approve more than five (5) regional technology centers in any biennium.

**(c) The budget agency shall contract with Purdue University:**

**(1) for any support staff necessary for the budget agency to provide grants under section 3(a)(3) and 3(a)(4) of this chapter; and**

**(2) to provide services under section 7 of this chapter.**

SECTION 16. IC 4-12-10-6, AS ADDED BY P.L.26-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 6. (a) If **the department of commerce and the budget agency approve** a center, ~~is approved by the budget agency,~~ the budget agency shall allocate from available appropriations the money authorized to:

(1) subsidize construction or rehabilitation of the physical facilities; and

(2) cover operating costs, not to exceed two hundred fifty thousand dollars (\$250,000) each year, until the center is self-sustaining or has identified another source of operating money or the amount appropriated for this purpose is exhausted.

(b) Operating costs may not be supported by the fund for any center for more than four (4) years.

SECTION 17. IC 4-12-12 IS ADDED TO THE INDIANA CODE AS A **NEW CHAPTER** TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 12. State Technology Advancement and Retention**

**(STAR) Account**

**Sec. 1. The state technology advancement and retention (STAR) account is established within the state general fund. The purpose of the account is to provide funding for programs within Indiana that are designed to:**

**(1) advance and retain technology related enterprises within Indiana; and**

**(2) train and retain students with an emphasis on technology.**

**Sec. 2. The budget agency shall administer the STAR account.**

**Sec. 3. The account consists of money, including federal money, appropriated to the account by the general assembly and gifts and grants to the account. An appropriation, a gift, or a grant may be designated for one (1) or more purposes listed in section 6 of this chapter.**

**Sec. 4. The treasurer of state shall invest the money in the account not currently needed to meet the obligations of the account in the same manner as other public funds may be invested.**

**Sec. 5. Money in the account at the end of a state fiscal year reverts to the state general fund.**

**Sec. 6. Money in the account that is not otherwise designated under section 3 of this chapter is annually dedicated to the following:**

**(1) The certified school to career program and grants under IC 22-4.1-8.**

**(2) The certified internship program and grants under IC 22-4.1-7.**

**(3) The Indiana economic development partnership fund under IC 4-12-10.**

**(4) Minority training program grants under IC 22-4-18.1-11.**

**(5) Technology apprenticeship grants under IC 20-1-18.7.**

**(6) The back home in Indiana program under IC 22-4-18.1-12.**

**(7) The Indiana schools smart partnership under IC 22-4.1-9.**

**(8) The scientific instrument project within the department of education.**

**(9) The coal technology research fund under IC 4-4-30-8.**

**Sec. 7. Expenses for administering the account or any of the programs funded from the account may be taken from the account but may not exceed two percent (2%) of the balance in the account. The budget agency must approve administrative expenses taken from the account.**

**SECTION 18. IC 20-1-18.7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Chapter 18.7. Technology Apprenticeship Grants**

**Sec. 1. As used in this chapter, "department" refers to the department of education established by IC 20-1-1.1-2.**

**Sec. 2. As used in this chapter, "program" refers to the**

1 technology apprenticeship grant program established by section 3  
2 of this chapter.

3 **Sec. 3. The technology apprenticeship grant program is**  
4 **established. The department, with the advice of the department of**  
5 **labor established by IC 22-1-1-1, shall administer the program.**

6 **Sec. 4. The department, working with the department of labor,**  
7 **shall develop a grant program to provide grants from the state**  
8 **technology advancement and retention account established by**  
9 **IC 4-12-12-1 for apprenticeships that are designed to develop the**  
10 **skills of apprentices in the area of technology.**

11 **Sec. 5. The department, with the department of labor, shall**  
12 **develop standards for the issuance of grants to businesses and**  
13 **unions that are working to enhance the technology skills of**  
14 **apprentices.**

15 **Sec. 6. Grants issued under this chapter are subject to approval**  
16 **by the budget agency.**

17 SECTION 19. IC 22-4-18.1-3 IS AMENDED TO READ AS  
18 FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 3. The state human  
19 resource investment council is established pursuant to 29 U.S.C. 1501  
20 et seq. to do the following:

21 (1) Review the services and use of funds and resources under  
22 applicable federal programs and advise the governor on methods of  
23 coordinating the services and use of funds and resources consistent  
24 with the laws and regulations governing the particular applicable  
25 federal programs.

26 (2) Advise the governor on:

27 (A) the development and implementation of state and local  
28 standards and measures; and

29 (B) the coordination of the standards and measures;  
30 concerning the applicable federal programs.

31 (3) Perform the duties as set forth in federal law of the particular  
32 advisory bodies for applicable federal programs described in section  
33 4 of this chapter.

34 (4) Identify the human investment needs in Indiana and recommend  
35 to the governor goals to meet the investment needs.

36 (5) Recommend to the governor goals for the development and  
37 coordination of the human resource system in Indiana.

38 (6) Prepare and recommend to the governor a strategic plan to  
39 accomplish the goals developed under subdivisions (4) and (5).

40 (7) Monitor the implementation of and evaluate the effectiveness of  
41 the strategic plan described in subdivision (6).

42 (8) Advise the governor on the coordination of federal, state, and  
43 local education and training programs and on the allocation of state  
44 and federal funds in Indiana to promote effective services, service  
45 delivery, and innovative programs.

46 (9) **Administer the minority training grant program**  
47 **established by section 11 of this chapter.**

48 (10) **Administer the back home in Indiana program**  
49 **established by section 12 of this chapter.**

(11) Any other function assigned to the council by the governor with regard to the study and evaluation of Indiana's human service delivery system.

SECTION 20. IC 22-4-18.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 4. (a) The council shall serve as the state advisory body required under the following federal laws:

(1) The ~~Job Training Partnership Act under 29 U.S.C. 1501 et seq.~~ **Workforce Investment Act of 1998 under 29 U.S.C. 2801 et seq.**

(2) The Wagner-Peyser Act under 29 U.S.C. 49 et seq.

(3) The Carl D. Perkins Vocational and Applied Technology Act under 20 U.S.C. 2301 et seq.

(4) The Adult Education ~~and Family Literacy~~ Act under 20 U.S.C. ~~1201~~ **9201** et seq.

(b) In addition, the council may be designated to serve as the state advisory body required under any of the following federal laws upon approval of the particular state agency directed to administer the particular federal law:

(1) The National and Community Service Act of 1990 under 42 U.S.C. 12501 et seq.

(2) Part ~~F A~~ of Title IV of the Social Security Act under 42 U.S.C. ~~681~~ **601** et seq.

(3) The employment and training program established under the Food Stamp Act of 1977 under 7 U.S.C. ~~2015(d)(4)~~ **2015**.

**(c) The council shall administer the minority training grant program established by section 11 of this chapter and the back home in Indiana program established by section 12 of this chapter.**

SECTION 21. IC 22-4-18.1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. (a) Except as provided in subsections (b) and (c) and subject to the approval of the commissioner of workforce development, the state personnel department, and the budget agency, the council may employ professional, technical, and clerical personnel necessary to carry out the duties imposed by this chapter from funds available under applicable federal and state programs, appropriations by the general assembly for this purpose, **funds in the state technology advancement and retention account established by IC 4-12-12-1**, and any other funds (other than federal funds) available to the council for this purpose.

(b) Subject to the approval of the commissioner of workforce development and the budget agency, the council may contract for services necessary to implement this chapter.

(c) The budget agency shall serve as the fiscal agent for the distribution of all funds of the council.

SECTION 22. IC 22-4-18.1-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 11. (a) For purposes of this section, "minority student" means a student who is a member of at least one (1) of the following groups:**

- (1) Blacks.
- (2) American Indians.
- (3) Hispanics.
- (4) Asian Americans.
- (5) Other similar racial groups.

(b) The council shall develop a program to provide grants from the state technology advancement and retention account established by IC 4-12-12-1 for minority training programs for minority students. The grants must be used as follows:

- (1) Thirty-five percent (35%) for programs designed to enhance training in technology advancement for minority students.
- (2) Sixty-five percent (65%) for generalized training programs for minority students.

(c) The council shall adopt policies under which recipients may apply for and receive the grants.

(d) Grants issued under this section are subject to approval by the budget agency.

SECTION 23. IC 22-4-18.1-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: **Sec. 12. (a) The council shall develop a program to provide for grants from the state technology advancement and retention account established by IC 4-12-12-1 or contracts to develop a back home in Indiana program. The program must provide a system to track students who have graduated from private and public colleges and universities in Indiana. The program must include a means of periodically contacting these graduates to inform them of job opportunities in Indiana.**

(b) The council shall work with the colleges and universities in Indiana to develop the tracking system.

(c) Grants issued under this section are subject to approval by the budget agency.

SECTION 24. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

#### **Chapter 7. Certified Internship Programs and Grants**

**Sec. 1.** As used in this chapter, "certified internship program" refers to an internship program that is certified by the department, in consultation with the department of education, under section 5 of this chapter.

**Sec. 2.** As used in this chapter, "employer" has the meaning set forth in IC 22-8-1.1-1.

**Sec. 3.** As used in this chapter, "institution of higher learning" has the meaning set forth in IC 20-12-70-4.

**Sec. 4.** As used in this chapter, "student" means an individual who is enrolled at an institution of higher learning on at least a part-time basis.

1       **Sec. 5. (a) An institution of higher learning that seeks**  
 2       **certification for an internship program under this chapter shall**  
 3       **submit an application for certification to the department on a**  
 4       **form prescribed by the department.**

5       **(b) The department, in consultation with the department of**  
 6       **education, shall certify an internship program under this chapter**  
 7       **if the program:**

8           **(1) is operated or administered by an institution of higher**  
 9           **learning or a department, school, or program within an**  
 10          **institution of higher learning;**

11          **(2) integrates a particular curriculum or course of study**  
 12          **offered at the institution of higher learning with career**  
 13          **internships provided by employers;**

14          **(3) places students in career internships provided by**  
 15          **employers;**

16          **(4) requires participating students to meet certain academic**  
 17          **standards established by rule by the department in**  
 18          **consultation with the department of education;**

19          **(5) requires employers to provide to participating students**  
 20          **the:**

21           **(A) supervision; and**

22           **(B) payroll and personnel services;**

23          **that the employers provide to their regular part-time**  
 24          **employees;**

25          **(6) is designed to provide an internship experience that**  
 26          **enriches and enhances the classroom experience of**  
 27          **participating students;**

28          **(7) requires employers to comply with all state and federal**  
 29          **laws pertaining to the workplace; and**

30          **(8) complies with any other requirement adopted by rule by**  
 31          **the department after consultation with the department of**  
 32          **education.**

33       **Sec. 6. A certified internship program may allow a student to**  
 34       **participate in an internship at any time during the year, including**  
 35       **the summer, as long as the student remains enrolled at the**  
 36       **institution of higher learning that operates or administers the**  
 37       **certified internship program.**

38       **Sec. 7. (a) The department may issue a grant from the state**  
 39       **technology advancement and retention account established by**  
 40       **IC 4-12-12-1 to an employer that employs at least one (1) student**  
 41       **through a certified internship program.**

42       **(b) The department shall determine the amount of a grant**  
 43       **issued under subsection (a).**

44       **(c) A grant issued under this section is subject to approval by the**  
 45       **budget agency.**

46       **Sec. 8. The department, in consultation with the department of**  
 47       **education, may adopt rules under IC 4-22-2 to implement this**



chapter. However, the department shall adopt rules under IC 4-22-2 to implement section 7 of this chapter.

SECTION 25. IC 22-4.1-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

**Chapter 8. Certified School to Career Programs and Grants**

**Sec. 1.** As used in this chapter, "certified program" means a school to career program approved by the department, in conjunction with the department of education, that is conducted under an agreement under this chapter and that:

- (1) integrates a secondary school curriculum with private sector job training;
- (2) places students in job internships; and
- (3) is designed to continue into postsecondary education and to result in teaching new skills, adding value to the wage earning potential of participants and increasing their long term employability in Indiana.

**Sec. 2.** As used in this chapter, "institution of higher learning" has the meaning set forth under IC 20-12-70-4.

**Sec. 3.** As used in this chapter, "participant" means an individual who:

- (1) is at least sixteen (16) years of age and less than twenty-four (24) years of age;
- (2) is enrolled in a public or private secondary or postsecondary school; and
- (3) participates in a certified program as part of the individual's secondary or postsecondary school education.

**Sec. 4.** As used in this chapter, "sponsor" means an individual, a person, an association, a committee, an organization, or other entity operating a certified program and in whose name the certified program is registered or approved.

**Sec. 5. (a)** The department shall do the following:

- (1) Accept applications from entities interested in sponsoring certified programs on forms prescribed by the department.
- (2) Investigate each applicant to determine the suitability of the applicant to sponsor a certified program.
- (3) Impose an application fee in an amount sufficient to pay the costs incurred in processing the application and investigating the applicant.

**(b)** The department may adopt rules under IC 4-22-2 to administer this chapter.

**Sec. 6. (a)** The department of education shall review the secondary school curriculum component of each proposed certified program. The department may not approve a proposed certified program unless the department of education approves the applicant's proposed secondary school curriculum.

**(b)** Upon the request of the department, the department of

1 education shall:

2 (1) consult with the department before the adoption of rules  
3 under section 5 of this chapter; and

4 (2) provide any other assistance to the department.

5 Sec. 7. The department may not approve a certified program  
6 unless the following requirements are met:

7 (1) The program must be conducted under a written plan  
8 embodying the terms and conditions of employment, job  
9 training, classroom instruction, and supervision of one (1) or  
10 more participants, subscribed to by a sponsor who has  
11 undertaken to carry out the certified program.

12 (2) The program must comply with all state and federal laws  
13 pertaining to the workplace.

14 (3) The certified program agreement must provide that the  
15 sponsor or an employer participating in the program in  
16 cooperation with the sponsor agrees to assign an employee to  
17 serve as a mentor for a participant. The mentor's occupation  
18 must be in the same career pathway as the career interests of  
19 the participant.

20 (4) The program must comply with any other requirement  
21 adopted by rule by the department.

22 Sec. 8. (a) A certified program must comply with the terms of a  
23 written agreement among the sponsor, each participant, and each  
24 cooperating employer. Except as provided in sections 9 and 10 of  
25 this chapter, each agreement must contain the following:

26 (1) The names and signatures of:

27 (A) the sponsor;

28 (B) the employer (if the employer is an entity other than  
29 the sponsor); and

30 (C) the participant and the participant's parent or guardian  
31 if the participant is a minor.

32 (2) A description of the career field in which the participant is  
33 to be trained and the beginning date and duration of the  
34 training.

35 (3) The employer's agreement to provide paid employment for  
36 the participant at a base wage that may not be less than the  
37 minimum wage prescribed by the federal Fair Labor Standards  
38 Act during the participant's junior and senior years in high  
39 school.

40 (4) The employer's agreement to assign an employee to serve  
41 as a mentor for a participant. The mentor's occupation must  
42 be in the same career pathway as the career interests of the  
43 participant.

44 (5) An agreement between the participant and employer  
45 concerning specified minimum academic standards that must  
46 be maintained throughout the participant's secondary  
47 education.

(6) The participant's agreement to work for the employer for at least two (2) years following the completion of the participant's secondary education.

(b) An agreement described in subsection (a)(6) may be modified to defer the participant's employment with the employer until after the participant completes an appropriate amount of postsecondary education as agreed to by the participant and the employer.

Sec. 9. (a) If a participant's desired career pathway requires postsecondary education, an agreement required under section 8 of this chapter may be modified to include the following:

(1) The employer's agreement to provide paid employment for the participant at a base wage that may not be less than the minimum wage prescribed by the federal Fair Labor Standards Act during the participant's postsecondary education.

(2) An agreement that, in addition to the base wage paid to the participant, the employer shall pay an additional sum to be held in trust to be applied toward the participant's postsecondary education.

(3) The participant's agreement to work for the employer for at least two (2) years following the completion of the participant's postsecondary education.

(b) The additional amount described in subsection (a)(2) must not be less than an amount determined by the department to be sufficient to provide payment of tuition expenses toward completion of not more than two (2) academic years at an institution of higher learning. The amount shall be held in trust for the benefit of the participant under rules adopted by the department. Payment into a fund approved under the federal Employee Retirement Income Security Act of 1974 for the benefit of the participant satisfies this requirement. The approved fund must be specified in the agreement.

Sec. 10. (a) If a participant enters a certified program following the completion of the participant's secondary education, an agreement required under section 8 of this chapter must be modified to include the following:

(1) The employer's agreement to provide paid employment for the participant at a base wage that may not be less than the minimum wage prescribed by the federal Fair Labor Standards Act during the participant's postsecondary education.

(2) An agreement that, in addition to the base wage paid to the participant, the employer shall pay an additional sum to be applied toward the participant's postsecondary education. This amount may be paid directly to the participant's institution of higher learning on behalf of the participant.

(3) The participant's agreement to work for the employer for at least two (2) years following the completion of the

participant's postsecondary education.

(b) The additional amount described in subsection (a)(2) must not be less than an amount determined by the department to be sufficient to provide payment of tuition expenses toward completion of not more than two (2) academic years at an institution of higher learning.

Sec. 11. If a participant does not complete the certified program contemplated by the agreement before entering a postsecondary education program, the money being held in trust for the participant's postsecondary education must be paid back to the employer.

Sec. 12. If a participant does not complete the certified program contemplated by an agreement described in section 8, 9, or 10 of this chapter after entering a postsecondary education program, any unexpended funds being held in trust for the participant's postsecondary education must be paid back to the employer. In addition, the participant shall repay to the employer amounts paid from the trust that were expended on the participant's behalf for the participant's postsecondary education.

Sec. 13. If a participant does not complete the two (2) year employment obligation required under an agreement described in section 8, 9, or 10 of this chapter, the participant shall repay to the employer the amount paid by the employer toward the participant's postsecondary education expenses under this chapter.

Sec. 14. (a) The department may issue a grant from the state technology advancement and retention account established by IC 4-12-12-1 to an employer (as defined in IC 22-8-1.1-1) in an amount determined by the department.

(b) A grant issued under this section is subject to approval by the budget agency.

(c) The department shall adopt rules to implement this section.

SECTION 26. IC 22-4.1-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:

#### **Chapter 9. Smart Partnership Grants**

Sec. 1. The department shall establish guidelines for making grants to the Indiana schools smart partnership, which is established to create partnerships between schools and local businesses to make the curricula of math and science relevant to students.

Sec. 2. The department may make grants from the state technology advancement and retention account established by IC 4-12-12-1 to coordinating organizations and participating schools.

Sec. 3. A grant issued under this chapter is subject to approval by the budget agency.

SECTION 27. [EFFECTIVE JULY 1, 2004] (a) Notwithstanding

1 IC 4-12-10, for the period beginning July 1, 2004, and ending June  
 2 30, 2005, grants of two hundred thousand dollars (\$200,000) shall  
 3 be made from money in the state technology advancement and  
 4 retention account established in IC 4-12-12-1 that is dedicated to  
 5 the Indiana economic development partnership fund to the:

6 (1) East Central Indiana technology transfer program  
 7 administered by Ball State University; and

8 (2) Southwestern Indiana technology transfer program  
 9 administered by the University of Southern Indiana;

10 for their use in establishing and operating technology talent  
 11 programs.

12 (b) This SECTION expires December 31, 2005.

13 SECTION 28. [EFFECTIVE JULY 1, 2004] (a) As used in this  
 14 SECTION, "department" refers to the department of workforce  
 15 development.

16 (b) Notwithstanding IC 22-4.1-7-7, as added by this act, the  
 17 department, in consultation with the department of education,  
 18 shall adopt rules to implement IC 22-4.1-7, as added by this act,  
 19 in the same manner as emergency rules are adopted under  
 20 IC 4-22-2-37.1. Any rules adopted under this SECTION must be  
 21 adopted not later than September 1, 2004. A rule adopted under  
 22 this SECTION expires on the earlier of:

23 (1) the date a rule is adopted by the department, in  
 24 consultation with the department of education, under  
 25 IC 4-22-2-24 through IC 4-22-2-36 to implement IC 22-4.1-7,  
 26 as added by this act; or

27 (2) January 1, 2006.

28 (c) This SECTION expires December 31, 2007.

29 SECTION 29. An emergency is declared for this act.

30 Renumber all SECTIONS consecutively

(Reference is to EHB 1434 as reprinted February 20, 2004.)

**Conference Committee Report**  
**on**  
**Engrossed House Bill 1434**

**S**igned by:

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Representative Crawford  
Chairperson

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Senator Server

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Representative Thompson

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Senator Howard

**House Conferees**

**Senate Conferees**